

at one time money in China, and as late as the year 1206 A.D. silk was accepted in payment of the salt tax. The first issues of government paper are ascribed to the Emperor Hien-tsung of the Tang dynasty (A.D. 806-821). In view of the scarcity of cash, this ruler issued an edict prohibiting the manufacture of copper utensils and providing for offices in the capital at which merchants might deposit their coin and receive in exchange bonds or "flying money."¹ The notes were soon issued at various provincial capitals and were redeemable at the office of issue. It was in the State of Shuh, the present Province of Szechwan, that notes were first issued without a full metallic cover. Devised by Chang Yung, they were freely issued during the reign of Chengtsung of the Sung dynasty (A.D. 997-1022) to obviate the inconvenience of handling the iron money then in use. They were known as *changelings*, were worth a tael of pure silver, and were redeemable once in three years.

The issue of irredeemable paper to defray government expenses began in the twelfth century and soon ran the usual course of depreciation and repudiation.² Under the Mongol Government a long series of paper issues occurred, beginning in the first year of Kublai Khan (A.D. 1260). The manner in which this paper currency was employed as a substitute for actual money was a source of admiring wonder to Marco Polo during his visit to the Khan's court. The first Ming Emperor, Hung-wu (A.D. 1368-98), was compelled to continue paper issues for a time, but eventually restored the use of specie.³ Government paper issues ceased from the middle of next century until 1853, when two forms of notes were issued — those representing copper cash and those representing silver. They were forced into circulation by the Board of Revenue by paying them to officials as part of their salaries and by compelling the banks to accept them as the equivalent of money. They depreciated

¹ Morse, *Currency in China*, 18.

² Morse, 20.

³ Morse gives reproductions of some of the notes used.—Currency in China, 26, *seq**